

Oregon commits \$300m to value-added real estate

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The \$67.9 billion Oregon Public Employees Retirement Fund has committed \$100 million each to three value-added funds: DivcoWest Fund IV, Waterton Residential Property Venture XII and Talmage Total Return Partners.

“We’ve always had a tilt toward value-added investing,” says Anthony Breault, senior real estate investment officer with Oregon State Treasurer’s office, who invests on behalf of OPERF. “Divco is a unique play within high-growth markets, and the other two are existing partners that have worked well.”

DivcoWest Fund IV, managed by DivcoWest, closed in April after raising \$976 million in just over six months. The fund will invest heavily in high-growth markets, such as the San Francisco Bay Area, and seeks to capitalize on the rapidly growing technology and energy industries by acquiring, repositioning, redeveloping and, in some cases, developing office and R&D properties occupied by corporate tenants who are players in these industries.

WRPV XII launched in June 2013 with a \$500 million fundraising goal. Managed by Waterton Associates, the fund is a multifamily fund that will invest exclusively in the United States. It is seeking a 13 percent gross return.

New York City–based Talmage is reportedly looking to raise \$500 million for TTRP, a debt fund that will invest in CMBS, senior mortgages, B-notes and mezzanine debt. The unleveraged vehicle is seeking a 10 percent to 15 percent annual return.

“We’re more of a total return investor at the moment within the real estate portfolio, so this is nothing new for us,” Breault continues. “Plus, I think in this market cycle, if you can do true value-add, that’s a little better than paying for yield in the core space.”

OPERF currently has 11.2 percent of its portfolio, worth approximately \$7.6 billion, invested in real estate. This leaves OPERF approximately \$882 million short of its 12.5 percent target allocation to real estate.